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C O N F I D E N T I A L SANTO DOMINGO 000301

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DEPT FOR WHA, WHA/CAR, WHA/EPSC; DEPT PASS TO USTR (MALITO);
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TAGS: [BEXP](#) [ELAB](#) [ENRG](#) [ETRD](#) [DR](#)
SUBJECT: DOMINICAN COMMERCE MINISTER EXPOSTULATES ABOUT
CAFTA-DR AND HYDROCARBONS RESOLUTIONS

REF: A. 07 SANTO DOMINGO 0164
[1](#)B. 07 SANTO DOMINGO 0215

Classified By: Classified by Economic-Political
Counselor Michael Meigs for reasons 1.5 (b) and (d)

[1](#)1. (C) Summary. On February 6 Dominican Minister of Industry and Commerce Francisco Javier Garcia delivered to the Ambassador and Embassy officers a lengthy diatribe asserting that the USG is imagining contradictions between CAFTA-DR and Hydrocarbons resolutions 148 and 23 clamping down on contracts for fuel transportation. The Ambassador read sections of the text aloud, insisting to Garcia that the resolutions interfere with private contracts. After much discourse, Garcia returned to a familiar demand: "USTR just needs to tell us exactly what to do. They provide the language and we'll make the changes." Concerning the commercial issue of Chevron and fuel transport contracts, Garcia told the Ambassador, "My priorities are the agreement and these resolutions; I will meet with Chevron after these issues are resolved." End summary.

[1](#)2. (C) On February 6, Dominican Minister of Industry and Commerce Francisco Javier Garcia accepted the Ambassador's invitation to the Residence to discuss the impasse over entry into force for the Dominican Republic of the DR-CAFTA regional agreement. Also attending were the Deputy Chief of Mission, the Commercial Counselor, the econ chief and an economic officer. The Ambassador opened by telling Garcia, "You hold the keys to entry into force." The Minister replied with a lengthy discourse, asserting that he, other Dominican officials and the Dominican private sector think that USTR and the USG do not want a free trade agreement with the Dominican Republic at all. Garcia recited a chronology of all the CAFTA-DR consultations and asserted that at each stage the Dominican Republic had "endured delay after delay." Garcia asserted that he fully expects there to be another issue that will delay entry into force even after the question of the resolutions is resolved.

[1](#)3. (C) He would not stop expostulating. After showing remarkable patience for nearly half an hour, the Ambassador interrupted the Minister to insist that the United States wants CAFTA-DR to enter into force for the Dominican Republic as soon as possible. The Ambassador brought the discussion back to the specifics of Ministry resolutions 148 and 23, which effectively preclude petroleum companies in the Dominican Republic from terminating contracts with Dominican trucking firms. Even in the face of the Ambassador's textual citation of relevant articles, Garcia denied that the

resolutions included penalties, inserted the Ministry in the private contracts with transporters, prohibited cancellations, dictated the form of contracts or modification of transport fleets without justification, or gave the Ministry any role other than that of arbiter. It was as if he were denying that the written texts had any relation to reality.

¶4. (C) As the Ambassador repeatedly pointed out Garcia's inconsistencies, the Minister switched from one topic to another, in a verbal stream of consciousness. The defense of the resolutions that emerged was a virtually incoherent combination of the fear of a strike, a determination to maintain public order, a desire to protect the trucking companies' investments, and a conviction that he has the authority to regulate public services as he wishes. Garcia asserted that there would have been no problem if Chevron not complained to the U.S. government -- a view that the Ambassador decisively countered. Garcia remained adamant against rescinding the resolutions: "I would resign before I would rescind those resolutions."

¶5. (C) Garcia conceded that the Ministry might modifying the resolutions in some fashion so as to ensure consistency with CAFTA-DR. He asked for USTR to provide explicit language for modification or to draft new resolutions themselves.

¶6. (C) Garcia has postponed the meeting with Chevron previously set for February 9. He told the Ambassador that he would meet with Chevron "after the resolutions are modified and after the CAFTA-DR agreement enters into force." (Prior to the postponement, Chevron had mentioned to econoff that they planned to offer Garcia a deal that postponed the cancellation of the contracts for up to 18 months and that provided jobs to those drivers who worked for the companies

that lost the contract.)

Comment

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¶7. (C) Garcia at least paid lip service to the importance of the entry into force of CAFTA-DR and to the notion of modifying the resolutions. Even so, it was disheartening to see the disconnect between his interpretation of the resolutions and the literal texts. At least Garcia informed the Ambassador that although he is the campaign manager for President Fernandez' re-election campaign, CAFTA-DR is his "number one priority."

¶8. (U) This report and extensive other material can be consulted on our SIPRNET site,
<http://www.state.sg.gov/p/wha/santodomingo/>
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